Nuclear Operating Company
South Texas Project Electric Generating Station P.O. Box 289 Wadsworth, Texas 77483

October 17, 2001
NOC-AE-01001206
10CFR50.80

U. S. Nuclear Regulatory Commission
Attention: Samuel J. Collins
Director, Office of Nuclear Reactor Regulation
Washington, DC 20555-0001

South Texas Project
Units 1 and 2
Docket Nos. STN 50-498 and STN 50-499
Supplemental Information Regarding Application for Order and
Conforming Administrative Amendments for Transfer of Licenses

References:
1. Letter, William T. Cottle to S. J. Collins, "Application for Order and Conforming Administrative Amendments for Transfer of Licenses," June 28, 2001 (NOC-AE-01001123)
2. Letter, William T. Cottle to S. J. Collins, "Supplemental Information Regarding Application for Order and Conforming Administrative Amendments for Transfer of Licenses," October 8, 2001 (NOC-AE-01001193)

On behalf of Central Power and Light Company (CPL), STP Nuclear Operating Company submits the following supplemental information regarding its Application for Order and Conforming Administrative Amendments for Transfer of Licenses (Application) submitted in Reference 1. The pending license transfer application requests that the Nuclear Regulatory Commission (NRC) consent to the transfer of control of CPL's ownership interest in the South Texas Project Electric Generating Station, Units 1 and 2 (STPEGS) to an affiliated generating company, CPL Genco LP. Reference 2 provided supplemental information related to the financial qualifications of CPL Genco LP to own 25.2% of STPEGS.

This letter explains an item in Reference 2, Attachment 1A, Projected Income Statement of CPL Genco LP's Share of STPEGS. Specifically, this letter explains why the listed generating capacity of CPL Genco LP's Share of STPEGS appears smaller in 2002 than in the following years.

Under Texas restructuring legislation, CPL Genco LP will be required to auction or divest a portion of its generation capacity. Separately, as a requirement of the regulatory approval of the merger between AEP (the corporate parent of CPL and CPL Genco LP) and Central and South West Corporation, CPL Genco LP will be required to divest approximately 1354 MW of generating capacity by June 16, 2002.

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STI: 31359018

Because that divestiture will not have taken place by the start of 2002, Attachment 1A to Reference 2 shows a reduction in CPL Genco LP's interest in STPEGS corresponding to that capacity auction. For years 2003 and beyond, the divestiture of other fossil assets, as called for in the merger approval, will also satisfy the capacity auction requirement of the Texas legislation. Accordingly, the attachment shows CPL Genco LP's full 25.2% ownership interest in STPEGS for years 2003 and beyond.

If NRC requires additional information concerning this supplemental information to the license transfer request, please contact Mr. Scott Head, Manager, Licensing at (361) 972-7136.

J. J. Sheppard
Vice President
Engineering & Technical Services

jtc

cc:

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of	)		
	)		
STP Nuclear Operating Company	)	Docket Nos.	50-498
	)		50-499
South Texas Project Units 1 and 2	)		
	)		

AFFIRMATION

I, J. J. Sheppard, being duly sworn, hereby depose and state that I am Vice President, Engineering & Technical Services of STP Nuclear Operating Company; that I am duly authorized to sign and file with the Nuclear Regulatory Commission the supplemental information being provided herewith; that I am familiar with the content thereof; and that the matters set forth therein with regard to STP Nuclear Operating Company are true and correct to the best of my knowledge and belief.

J. J. Sheppard
Vice President
Engineering & Technical Services

STATE OF TEXAS)
)
COUNTY OF MATAGORDA)

Subscribed and sworn to before me, a Notary Public in and for the State of Texas, this 17th day of October, 2001.

LINDA RITTENBERRY
Notary Public, State of Texas
My Commission Expires
OCTOBER 9, 2005

Linda Rittenberry
Notary Public in and for the
State of Texas

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of	)		
	)		
STP Nuclear Operating Company	)	Docket Nos.	50-498
	)		50-499
	)		
South Texas Project Units 1 and 2	)		

AFFIRMATION

I, Henry W. Fayne, being duly sworn, hereby depose and state that I am Vice President of Central Power and Light Company; that I am familiar with the content of the supplemental information being provided herewith; and that the matters set forth therein with regard to Central Power and Light Company are true and correct to the best of my knowledge and belief.

Henry W. Fayne
Vice President

STATE OF OHIO)
)
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and for the State of Ohio, this 16 day of October, 2001.

Molly A. Miller
Notary Public in and for the
State of Ohio

NOTARIAL SEAL STATE OF OHIO

MOLLY A. MILLER
Notary Public, State of Ohio
My Commission Expires 12-19-05